



Juliet Hill, Head of Knight Frank's Knightsbridge Lettings office, discusses how the market performed last year, expectations for the year ahead and the likely impact of the major up and coming summer events.

How did the Knightsbridge lettings market perform last year?

The supply shortage seen in 2010 continued into 2011 which, combined with the rise in prospective tenants, pushed rental prices higher. In early 2011 rents had recovered the losses incurred following the credit crunch in 2008. In the last three months of the year, however, rents fell (in December by 0.1%). This meant that rents only grew by 6.7% in 2011, compared to 16% in 2010. Rents of £1,500 per week and below showed a healthier rise of 7.3% over the year. This performance is in line, to an extent, with the recovery of central London's economy, which continued until the middle of last year.

What do you expect to see this year?

The usual demand from expats employed in the City may fall back due to the eurozone crisis, but there are several other sources of prospective tenants to take their place and we expect demand to keep rising steadily. The supply shortage in the sales market is still causing frustrated prospective purchasers to turn to renting. Renting is also becoming more popular with those who need to be mobile for work purposes. We expect to see more investors turning to the Knightsbridge market as a 'safe haven' alternative to other forms of investment such as banks and pensions. We believe that rents across prime central London will grow by around 4% to 5% throughout 2012.

What impact do you think the major summer events this year will have on your market?

There is going to be a bonanza of fantastic events in London this summer, attracting people from all around the world to visit. Knight Frank has built up a fantastic selection of properties which are available to rent over the summer months while their owners jump ship to avoid the influx of tourists. Demand to rent

these properties may increase over the coming months, especially as many hotels will already be fully booked.

What rents can be achieved?

It is difficult to predict as this is a new experience for the Knightsbridge lettings market. Some are quoting four times the normal long-let rental price, while others feel values will not reach much more than the normal short-let rate for the summer months.

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Knightsbridge lettings market at a glance

Figure 1
What is coming to market?
New instructions, past 12 months



Price Band	Percentage
under £500pw	11%
£500pw to £750pw	11%
£750pw to £1,000pw	12%
£1,000pw to £1,500pw	13%
£1,500pw to £2,500pw	24%
over £2,500pw	29%

Figure 2
Tenancies by price band
Tenancies agreed, past 12 months



Price Band	Percentage
under £500pw	11%
£500pw to £750pw	19%
£750pw to £1,000pw	16%
£1,000pw to £1,500pw	20%
£1,500pw to £2,500pw	17%
over £2,500pw	17%

SNAPSHOT FEBRUARY 2012

RESIDENTIAL RESEARCH

KNIGHTSBRIDGE LETTINGS

Knight Frank



Charting the Knightsbridge lettings market

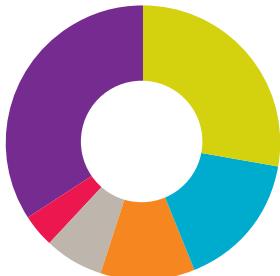


Figure 3
Nationality of our tenants
Tenants, past 12 months

UK	28%
USA	16%
France	11%
Russia	7%
Spain	4%
Others	34%



Figure 4
Source of our tenants
Tenants, past 12 months

Web	51%
Referral	12%
Internal	11%
Relocation	10%
Office walk-in	7%
Corporate services	7%
Other	2%

Figure 5
Return on investment
Prime London residential gross yields, past 5 Years

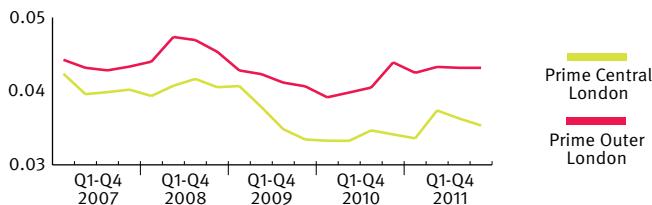
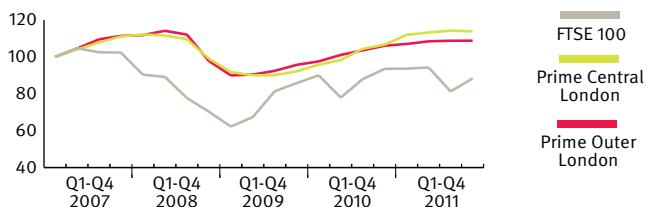


Figure 6
Wider market performance
Prime London (rental prices) vs FTSE 100, past 5 Years



Knightsbridge properties and the Knight Frank team

TO LET
Duplex apartment with stunning interior design
THE KNIGHTSBRIDGE
2 bedrooms
£2,750pw

LET BY
London's most exclusive address
ONE HYDE PARK
1 bedroom
£3,750pw

TO LET
Lovely family house with garden views
PELHAM CRESCENT
5 bedrooms
£5,500pw

LET BY
Beautifully refurbished house
ELYSTAN PLACE
3 bedrooms
£2,500pw

TO LET
Apartment in prestigious Knightsbridge building
PONT STREET
2 bedrooms
£1,300pw

LET BY
Immaculate and spacious flat
THE MARLBOROUGH
1 bedroom
£550pw

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